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TEP Tucson Electric Power
88 East Broadway Blvd., P.O. Box 711
Tucson, Arizona 85702

April 1, 2013

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Re: Notice of Filing – Tucson Electric Power Company's 2013 REST Compliance Report
Docket No. E-01933A-11-0269

Pursuant to Arizona Administrative Code R14-2-1812, each Affected Utility shall file with Docket Control a report that describes its compliance with the requirements of the Renewable Energy Standard and Tariff ("REST") Rules. Arizona Corporation Commission ("Commission") Decision No. 72736 (January 13, 2012) approved Tucson Electric Power Company's ("TEP") 2012 REST Plan. Please find enclosed TEP's redacted 2013 REST Compliance Report for year-end 2012. The report contains confidential information that is being provided directly to Commission Staff pursuant to the terms of the Protective Agreement executed in Docket No. E-01933A-11-0269.

If you have questions or comments please contact me at (520) 884-3680.

Sincerely,

Jessica Bryne

Jessica Bryne
Regulatory Services

Enclosure: Compliance Report

cc: Compliance Section, ACC

Tucson Electric Power

Response to R14-2-1812 Utility Reporting Requirements
of the
Arizona Corporation Commission

RENEWABLES DATA FOR YEAR-END 2012

Executive Summary

I. Standardized Reporting Format

Arizona Corporation Commission ("Commission") Decision No. 72736, January 18, 2012, required Tucson Electric Power ("TEP" or "Company")) to submit a report for Commission Staff approval on the Company's joint RES plan formatting efforts with Arizona Public Service (APS)and in consultation with other state utility representatives and industry stakeholders. On February 19, 2013, Commission Staff docketed its formal approval of the group's standardized reporting format for use in subsequent RES Compliance Reports and Implementation Plans.

II. 2012 Renewable Energy Standard (RES) Results

Compliance with RES Requirements

For calendar year 2012, the Commission established an annual RES requirement of 3.5 percent of the utility's 2012 retail kilowatt-hour (kWh) sales, with 30 percent of the total requirement to be fulfilled with energy produced from Distributed Generation ("DG") resources. This separate DG carve-out provision requires half of the total DG requirement to come from residential resources and half from non-residential resources. A summary of TEP's 2012 compliance requirements is shown in Table 1a. For the purposes of RES compliance tracking, a Renewable Energy Credit (REC) is defined as a kWh or kWh equivalent of eligible renewable resources; however, throughout this Compliance Report, TEP reports its production in MWh. *See* A.A.C. R14-2-1801(N).

Table 1b (see page 5) shows TEP compliance and total RES resources. In 2012, the Company's total RES resources were 481,945 MWh, which is 5.2 percent of TEP's total 2012 retail sales requirement. Total DG energy production for the year reached 156,849 MWh. Total Residential performance was 118 percent of the requirement for 2012, and Non-Residential was 205 percent of the Non-Residential requirement.

Table 1a - Renewable Resources

Resource	Install Year	Technology	Ownership	Mwac	MWdc	Production (Actual) kWh	+ Production (Annualized)2 kWh	+ Multiplier Credits[3]	= Total kWh or Equivalent
GENERATION:									
Springerville 1	2001-2004	Fixed Axis	TEP		4.600	5,507,113		1.50	8,260,670
Springerville 2		Fixed Axis	TEP		1.800	2,154,957		1.00	2,154,957
Solon Tech Park 1		Single Axis	TEP		1.600	3,043,343		1.00	3,043,343
Solon Tech Park 2		Fixed Axis	TEP		5.000	7,991,886		1.00	7,991,886
Headquarters		Fixed Axis	TEP		0.060	99,154		1.00	99,154
Warehouse OH		Fixed Axis	TEP		0.560	996,251		1.00	996,251
Prairie Fire		Fixed Axis	TEP		5.000	50,123	9,000,000	1.00	9,000,000
DeMoss-Petrie	2001-2004	Fixed Axis	TEP		0.216	111,288		1.50	166,932
Amonix		Dual Axis	PPA		2.000	4,148,769	4,400,000	1.00	4,400,000
Astrosol		Fixed Axis	PPA		6.000	393,000	10,800,000	1.00	10,800,000
NRG		Single Axis	PPA		34.000	10,576,364	68,000,000	1.00	68,000,000
Picture Rock		Single Axis	PPA		25.000	2,993,000	50,000,000	1.00	50,000,000
E. ON UASTP		Single Axis	PPA		6.000	59,000	12,000,000	1.00	12,000,000
Macho Springs		Wind	PPA	50.400		126,073,000		1.00	126,073,000
Los Reales Landfill		Landfill Gas	PPA	5.000		21,146,908		1.06	22,415,722
Manufacturing Credit		PV	Global Solar		4.302			2,190.00	9,421,958
Gross Total (if needed)									334,823,873
Adjustments (if needed)									(9,728,059)
Subtotal Generation				***55***	***96***	***185,344,157***			***325,095,814*** (A)
DISTRIBUTED ENERGY (DE):									
Residential:									
Installed									
Total PV		PV			23.885	36,114,561	41,798,750	1.0	41,798,750
PV		PV	Customer Owned		15.811		27,669,250		
PV		PV	Leased		8.074		14,129,500		
Thermal		Thermal	Customer Owned				5,997,750	1.0	5,997,750
Reserved									
PV		PV			4.714		8,249,500	1.0	8,249,500
Thermal		Thermal					436,299	1.0	436,299
Gross Total (if needed)									56,482,299
Adjustments (if needed)									
Extra Credits									
In-State Manufacturing and Installation Content									97,470
In-State Power Plant Installation Credit									324,901
Distributed Generation Credit									324,901
Subtotal Residential				***-***	***29***	***36,114,561***	***56,482,299***		***57,229,571*** (B)

Resource	Install Year	Technology	Ownership	Mwac	MWdc	Production (Actual) kWh	+ Production (Annualized)[2] kWh +	Multiplier Credits[3] =	Total kWh or Equivalent
Non-Residential:									
Installed									
UFI									
PV		PV	Customer Owned		5.067	6,134,208	8,867,250	1.0	8,867,250
Thermal		Thermal	Customer Owned				2,968,698	1.0	2,968,698
Wind		Wind	Customer Owned		0.012	5,624		1.0	5,624
Daylighting		Daylighting	Customer Owned				44,000	1.0	44,000
PBI									
PV		PV	Customer Owned		15.447	24,887,428	27,032,250	1.0	27,032,250
Chilling		Chilling	Customer Owned			1,531,394		1.0	1,531,394
Reserved									
UFI									
PV		PV	Customer Owned		0.607		1,062,250	1.0	1,062,250
Thermal		Thermal	Customer Owned				2,661,070	1.0	2,661,070
Daylighting		Daylighting	Customer Owned				98,039	1.0	98,039
PBI									
PV		PV	Customer Owned		25.952		45,416,000	1.0	45,416,000
Wholesale (10% of DG Req.)									9,728,059
Gross Total (if needed)									99,414,634
Adjustments (if needed)									
Extra Credits									
In-State Manufacturing and Installation Content									38,992
In-State Power Plant Installation Credit									83,096
Distributed Generation Credit									83,096
Subtotal Non-Residential				-	47	32,558,654	88,149,557		99,619,818 (C)
Subtotal Distributed Energy *(B + C)*				-	76	68,673,215	144,631,856		156,849,389 (D)
Total RES Resources *(A + D)*				55	172	254,017,372	144,631,856		481,945,203 (E)
Total MWac equivalent[2]				201					

Notes to Table 1:

[1] Assumes the following kWh per installed kW:
Residential and Non-Residential: 1750 kWh/kW
Utility Generation, Fixed Tilt: 1800 kWh/kW
Utility Generation, Single-Axis Tracker: 2000 kWh/kW
Utility Generation, Dual-Axis Tracker: 2200 kWh/kW

[2] Represents the total RES portfolio energy in kWhac. An 85% dc-ac conversion factor is applied to all dc capacity.

[3] Extra Credit Multipliers

Early Installation Extra Credit: Installed and Began Operating in	
2001	0.3
2002	0.2
2003	0.1
In-State Power Plant Extra Credit (1997-2005)	0.5
In-State Manufacturing and Installation Content (1997-2005)	0.5 X (% in-state content in installed plant)
DE Solar Electric Generator and Solar Incentive Program (1997-20	0.5

Table 1b - Compliance Summary

Category	Metric	%	Compliance Measure (MWh)	RES Resources (MWh or Equivalent)	
Retail Sales	*Actual MWh Sales for 2012*		9,264,818		
Prior year carrying balance[1]				**113,034**	(F)
2012 Total RES Resources *[From (E) in Table 1a]*				**481,945**	(E)
2012 Total RES Requirement	% of Retail Sales	3.5%	324,269		
DE Requirement	% of RES Requirement	30%	97,281		
DE Sub-Requirements:					
Residential DE	% of DE Requirement	50%	48,640	**57,230**	(G)
Actual RECs				48,544	
Reserved RECs				8,686	
Non-Residential DE	% of DE Requirement	50%	48,640	**99,620**	(H)
Actual RECs				50,382	
Reserved RECs				49,237	
Non-DE Target	% of RES Requirement	70%	226,988	**438,130**	(I)
2012 RECs				325,096	
Carrying Balance				113,034	
Resources Used for 2012 Compliance *(G + H + I)*			**324,269**	**324,269** [2]	(J)
End 2012 carrying balance *(F + E - J)*				**212,884**	(K)
Residential Carrying Balance				-	
Non-Residential Carrying Balance				1,742	
Non-DE Carrying Balance				211,142	

Notes to Table 1b:

[1] Carrying Balance only applies to Non-DE RECs

[2] On March 31, 2013 Tucson Electric Power (TEP) retired 324,269,000 Renewable Energy Credits towards meeting its 2012 RES requirements.

Table 2a – RES Resource Costs

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Table 2b - RES Cash Incentive Costs Tucson Electric Power Company

2012 Distributed Energy Cash Incentive Program Costs

	Up-Front Incentives						Incentives Paid ($)
	MW	MWh	($/MW)[1]	($/MWh)[1]			
Residential:							
PV Leased	3.079	5,542	$ 1,062,160.00	$ 590.11			$ 3,270,491
PV Customer Owned	3.601	6,482	910,395.00	505.77			3,278,326
Thermal		910		522.02			475,237
Subtotal: Residential							***$ 7,024,054***

	Up-Front Incentives				Production-Based Incentives		2012 Total Incentives Paid ($)
	MW	MWh	($/MW)[1]	($/MWh)[1]	($/MW)	($/MWh)	
Non-Residential:							
UFI							
PV	2.584	4,652	$ 1,514,942.99	$ 841.63			$ 3,914,981
Thermal		1,842		453.11			834,622
Daylighting		44		900.00			39,600
PBI							
PV	4.350	7,830		113.73	$ 204,708	$ 113.73	890,437
PBI Legacy							
PV		20,169				149.67	3,018,673
Solar Chilling		1,531				100.00	153,139
Subtotal: Non-Residential							***8,851,454***
Total DE Incentive Costs							**$ 15,875,508**

Notes to Table:

[1] Based on expected annual system production.

Other Reports

Tucson Electric Power Company	*2012 Budget REST Collections ($)*	*2012 Budget Expenditures ($)*
To Be Recovered Through REST Charges	$ (29,976,305)	
Carryover of REST Funds from 2010	(4,875,000)	
Total Available Funds	(34,851,305)	
REST Expenditures		
Purchased Renewable Energy		
Above Market Cost of Conventional Generation		$ 12,377,000
Purchased Sun Edison RECs		1,045,500
TEP Owned		4,228,918
Total Purchased Renewable Energy		17,651,418
Customer Sited Distributed Renewable Energy		-
Up-Front Payments to Customers		5,000,000
Production Based Payments to Customers		5,753,375
Consumer Education and Outreach		100,000
Legacy Costs		3,000,000
Meter Reading		19,531
Total Customer Sited Distributed Renewable Energy		13,872,906
Information Systems Integration Costs		500,000
Technical Training		
Schools Programs		350,000
Internal and Contractor Training		75,000
Total Technical Training		425,000
Net Metering		227,982
Outside Coordination, Support and R&D		
Labor and Administration		
Internal and External Labor		1,573,637
Materials, Fees and Supplies		71,362
AZ Solar Website		4,000
Total Labor and Administration		1,648,999
Support to University Research		250,000
Technology Development Projects		275,000
Total Renewable Energy Balancing, Integration and Field Test		525,000
Grand Total	$ (34,851,305)	$ 34,851,305

Tucson Electric Power Company	2012 Actual REST Collections ($)	2012 Actual Expenditures ($)
To Be Recovered Through REST Charges	$ (30,294,347)	
Carryover of REST Funds from 2010	(4,875,000)	
Total Available Funds	(35,169,347)	
REST Expenditures		
Purchased Renewable Energy		
Above Market Cost of Conventional Generation		$ 9,264,820
Purchased Sun Edison RECs		-
TEP Owned		4,193,814
Total Purchased Renewable Energy		13,458,634
Customer Sited Distributed Renewable Energy		-
Up-Front Payments to Customers Reserved		5,000,203
Production Based Payments to Customers		4,837,461
Consumer Education and Outreach		101,378
Legacy Costs		2,196,225
Meter Reading		7,600
Total Customer Sited Distributed Renewable Energy		12,142,867
Information Systems Integration Costs		497,221
Technical Training		
Schools Programs		348,197
Internal and Contractor Training		71,975
Total Technical Training		420,172
Net Metering		226,681
Outside Coordination, Support and R&D		
Labor and Administration		
Internal and External Labor and Administration		1,343,765
Materials, Fees and Supplies		69,608
Total Labor and Administration		1,413,373
Support to University Research		250,000
Technology Development Projects		238,969
Total Renewable Energy Balancing, Integration and Field Test		488,969
Grand Total	$ (35,169,347)	$ 28,647,917